

THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF TUCSON, ARIZONA

**Minutes of the Regular Meeting
of the Board of Directors**

February 11, 2016

3:00 P.M.

at the office of

Ward VI Council Office - East Conference Room

3202 East First Street

Tucson, Arizona 85716

Present:

Board Members	Marilyn Robinson Emily Nottingham Evelia Martinez Larry Lucero Judy Clinco Gary Bachman (arrived at 3:30 p.m.)
Staff	Charles Lotzar, Lotzar Law Firm, PC (via teleconference) Gary Molenda, Business Development Finance Corporation (left at 3:55 pm) Karen Valdez, Business Development Finance Corporation
Guests	Scott Riffle, George K. Baum & Company Glenn Walling, Walling Properties
Absent	Adam Weinstein

The Regular Meeting of the Board of Directors of The Industrial Development Authority of the City of Tucson, Arizona (the “**Authority**”) was held on **February 11, 2016**, at the Ward VI Council Office, 3202 East First Street, Tucson, Arizona 85716. All Authority’s Board Members and the general public were duly notified of the meeting. C. Lotzar had informed the Authority’s Board of Directors that Arizona’s Open Meeting Laws allow for members of the Authority’s Board of Directors and legal counsel to appear and participate in the meeting telephonically so long as all participants in the meeting can hear and be heard.

ITEM	ACTION TAKEN/TO BE TAKEN
1. Call to Order The meeting was called to order by Marilyn Robinson, with a quorum present.	The meeting was called to order at 3:02 p.m.
2. Request for resolution to approve the minutes of the Regular Meeting of January 14, 2016.	A MOTION was made and seconded (E. Nottingham / E. Martinez) to approve the meeting minutes of the January 14, 2016 Regular Meeting as presented. Approved 5-0.
3. Request for resolution to approve the payment of invoices and the notification of items to be paid on the Authority’s behalf by third parties.	A MOTION was made and seconded (E. Martinez / J. Clinco) to approve payment of invoices and notification of items to be paid as presented. Approved 5-0.
4. Status report from the Liaison to City of Tucson, Arizona City Manager’s Office related to: a) The City’s Economic Development Prospect list	No action taken.

<ul style="list-style-type: none"> b) The City's use of the Tucson Community Development Loan Fund aka the HUD Section 108 Loan Program c) The City's use of HOME Funds d) The City's use of its 21 Economic Development tools e) Current items of interest <p>No Report.</p>	
<p>5. Status report related to the affairs of Dark Mountain Development Corporation and request for resolution related to any actions related thereto.</p> <p>G. Bachman reported that in addition to himself, M. Robinson, G. Molenda, and K. Valdez attended a meeting with the Tucson City Manager. This meeting followed a meeting with N. Ewing-Gavin attended by himself and M. Robinson to discuss opportunities to partner/support the City of Tucson.</p>	<p>No action taken.</p>
<p>6. Review and Request for resolution to grant Preliminary Approval to the issuance of The Industrial Development Authority of the City of Tucson, Arizona Multifamily Residential Rental Housing Revenue Note (Ocotillo Gardens I Project), Series 2016A in an amount not to exceed \$4,000,000 and The Industrial Development Authority of the City of Tucson, Arizona Multifamily Residential Rental Housing Revenue Note (Ocotillo Gardens II Project), Series 2016B in an amount not to exceed \$3,200,000 and in an aggregate principal amount not to exceed \$7,200,000 related to Sycamore Partners, L.P.'s acquisition, construction, improvement, rehabilitation, or equipping of approximately 143 units located at 3202 N. Country Club, Tucson, Arizona (\$4,000,000) and 2458 N. Sycamore Avenue, Tucson, Arizona (\$3,200,000).</p> <p>C. Lotzar reviewed the Summary of Financing noting that there are 2 separate dollar amounts due to the fact that the 2 projects are not adjacent to one another and therefore will be separate Notes. The reason we are using the term "Notes" instead of "Bonds" is simply because of a Freddie Mac program in existence now where the transaction will look as much like a commercial bank loan, as possible.</p> <p>Mr. Lotzar stated that Business Development Finance Corporation ("BDFC") and BDFC Advisor Services, LLC will not be involved in this transaction in any way as they are not Independent Registered Municipal Advisors.</p> <p>It was noted that this transaction is effectively a commercial bank loan, so there is no concern that the Notes will trade in the secondary market.</p> <p>As with the case with all low - income housing tax credit ("LIHTC"), transactions, there must be an owner that is a limited partnership to enable the LIHTCs to pass through to the owner of the property. The General Partner in almost every LIHTC transaction has a 0.001% interest, but the General Partner is in control of the activity related to the development and are frequently aligned with the Developer, General Contractor, and Property Manager. It is common to have these overlapping relationships. Mr. Walling is the Principal for the General Partner and also the Principal for the Developer. Mr. Walling has a history of developing almost 900 LIHTC units in approximately 10 multifamily residential rental housing projects involving LIHTC and therefore familiar with the requirements under the Internal Revenue Code Section 42 from the Arizona Department of Housing.</p> <p>Mr. Lotzar noted that this project is a 4% LIHTC which is different from the 9% LIHTC.</p> <p>The 9% LIHTC does not involve private activity bonds and is a much more competitive process and has a specific deadline for applications, typically on March 1st of each year.</p> <p>The 4% LIHTC is frequently referred to as the "automatic credit" meaning that if you get an allocation of Private Activity Bonding Authority, it gives you the right to the 4% LIHTC. The 4% LIHTC brings substantially less equity in than the 9% LIHTC.</p>	<p>A MOTION was made and seconded (L. Lucero / E. Martinez) to grant Preliminary Approval for the Ocotillo Gardens I and Ocotillo Gardens II Projects in accordance with the Financing Summary and Resolution presented.</p> <p>Approved 5-0 and 1 Abstention (G. Bachman - abstained)</p>

Due to the competition in the market, there is very high LIHTC pricing approaching a **\$1.00** paid for a **\$1.00** worth of LIHTC and in some cases, above a **\$1.00**. Investors are typically large institutions rather than individuals.

It was noted that the Arizona Commerce Authority is the registry for the Private Activity Bonding Authority; and it is “first in time / first in right” with **90** days to close a transaction, with the power to extend one time for an additional **90 days** for a fee which is a burdensome amount (**1%**).

Mr. Glenn Walling was introduced and he provided background information on all prior projects completed in Arizona as well as other states. It was noted that this project will be the first in Tucson. Discussion ensued regarding rents: current versus after completion of renovations. It was noted that rents will be slightly higher due to the extensive rehabilitation that is required resulting from years of deferred maintenance. The rehabilitation will completely change the character and the quality of the project.

Mr. Lotzar reviewed the Summary of Financing as follows:

- Ocotillo Gardens **I**: **76** units - Studio, **1** bed/**1**bath, and **2** bed/**1**bath.
- Ocotillo Gardens **II**: **67** units - all studio.
- Financial summary including pro-forma.
- LIHTC Equity - **\$2,769,125** is anticipated.
- Addition of **143** units to the Tucson, Arizona affordable housing stock.
- All residents have incomes below **60%** of area median income (“**AMI**”); which is a requirement of the LIHTC.
- Construction jobs.
- The plan calls for substantial renovation of the project which includes new, energy-efficient appliances, including air conditioning, and lighting.
- Parking lot repair.
- Exterior building repair, including roofs.
- Interior repairs include new windows, doors, flooring, cabinets, and paint.
- Pool repair.
- Exterior paint.

Mr. Lotzar stated that the total amount requested is an amount higher than expected to give room for the unexpected given it is early in the process.

Mr. Lotzar reviewed the terms, based on Freddie Mac’s requirements.

- Anticipated Investors are as follows:
 - Sterling Bank will be the Noteholder during construction loan phase.

<ul style="list-style-type: none"> • Greystone Servicing Corporation will be the Noteholder during the permanent loan phase. • Private Placement, with Investor Letter required. • Security: Deed of Trust. • Anticipated Interest Rate: <ul style="list-style-type: none"> • 4.25% until March 31, 2017 (effectively the construction period). • 4.94% on April 1, 2017 until paid in-full. • Amortization: 35 Years • Maturity: 20 Years <p>Strengths:</p> <ul style="list-style-type: none"> ◆ Private Placement with Investor Letter requirement. ◆ Public purposes. ◆ 4% LIHTC with IRC Section 42(m) review and approval by Arizona Department of Housing. <p>Risks:</p> <ul style="list-style-type: none"> ◆ Need to package the Project's credit in a manner that is receptive to the capital markets, under current conditions. ◆ Older buildings - 1979. ◆ Projects have 91 studio apartments and a unit mix involving only studios, 1bedroom and 2 bedroom units. ◆ Projects limited amenities. ◆ LIHTC pricing - \$0.98. ◆ Tight and demanding financing schedule. ◆ General Partner / Developer is undertaking 4 projects concurrently; which will be difficult to manage. <p>Recommendation:</p> <ul style="list-style-type: none"> ◆ Recommend Preliminary Approval in accordance with proposed form of Resolution presented. <p>E. Nottingham commented that there are a lot of refugee's in Tucson and requested that special care be taken to not frighten them off by the paper work involved.</p>	
<p>7. Review and Request for resolution to grant Preliminary Approval to the issuance of The Industrial Development Authority of the City of Tucson, Arizona Multifamily Residential Rental Housing Revenue Note (Mission Vista Apartments Project), Series 2016 in an aggregate principal amount not to exceed \$6,200,000 related to Dodge Partners, L.P.'s acquisition, construction, improvements, rehabilitation, or</p>	<p>A MOTION was made and seconded (E. Nottingham / E. Martinez) to grant Preliminary Approval for the Mission Vista Apartments Project in accordance</p>

equipping of approximately 80 units located at 2455 N. Dodge Boulevard, Tucson, Arizona.

C. Lotzar reviewed the Summary of Financing noting that this project is similar to the last 2 projects discussed in item **No. 6**. This project will also be referred to as a “Note” as opposed to a “Bonds” based on the Freddie Mac program, and the transaction will look as much like a commercial bank loan, as possible.

Mr. Lotzar stated that Business Development Finance Corporation (“BDFC”) and BDFC Advisor Services, LLC will not be involved in this transaction in any way as they are not Independent Registered Municipal Advisors. It was noted that this transaction is effectively a commercial bank loan so there is no concern that the Note will trade in the secondary market.

As with item No. 6 above, Mr. Lotzar reviewed the Summary of Financing:

- Program Summary for similar public purpose as projects in item No. 6.
- 80 units: comprised of **1, 2, & 3** bed/**1** bath.
- Financial summary including pro-forma.
- LIHTC Equity - **\$2,719,112** is anticipated.
- All residents have incomes below **60%** of area median income (“AMI”); which is a requirement of the LIHTC.
- Construction jobs.
- The plan calls for substantial renovation of the project which includes new, energy-efficient appliances, including air conditioning, and lighting.
- Parking lot repair.
- Interior repairs include new windows, doors, flooring, cabinets, and paint.
- New plumbing fixtures.
- Exterior paint, roof repairs, as needed.
- Landscaping upgrades.
- New playground cover and picnic tables/benches.
- Anticipated Investors are as follows:
 - Sterling Bank will be the Noteholder during construction loan phase.
 - Greystone Servicing Corporation will be the Noteholder during the permanent loan phase.
- Private Placement, with Investor Letter required.
- Security: Deed of Trust.

with the Financing Summary and Resolution presented.

Approved 6-0

<ul style="list-style-type: none"> • Anticipated Interest Rate: <ul style="list-style-type: none"> • 4.25% until March 31, 2017 (effectively the construction period). • 4.79% on April 1, 2017 until paid in-full. • Amortization: 35 Years. • Maturity: 20 Years. <p>Strengths:</p> <ul style="list-style-type: none"> ◆ Private Placement with Investor Letter requirement. ◆ Public purposes. ◆ 4% LIHTC with IRC Section 42(m) review and approval by Arizona Department of Housing. <p>Risks:</p> <ul style="list-style-type: none"> ◆ Need to package the Project's credit in a manner that is receptive to the capital markets, under current conditions. ◆ Constructed in 1999–2000. ◆ Projects have limited amenities. ◆ LIHTC pricing - \$0.98. ◆ Tight and demanding financing schedule. ◆ General Partner / Developer is undertaking 4 projects concurrently; which will be difficult to manage. <p>Recommendation:</p> <ul style="list-style-type: none"> ◆ Recommend Preliminary Approval in accordance with proposed form of Resolution presented 	
<p>8. \$30,000,000 The Industrial Development Authorities of the County of Pima and City of Tucson, Arizona Joint Single Family Revenue Bonds, Series 2008A - status report related to program performance and market conditions and request for resolution related to sale of mortgage-backed securities and redemption of the bonds.</p> <p>C. Lotzar distributed updated Sources and Uses of Funds pertaining to the Joint Single Family Mortgage Revenue Bonds, Series 2008A ("2008A") with info as follows:</p> <ul style="list-style-type: none"> • The Sources & Uses of Funds assumes a sale date of February 23, 2016, a settlement date of February 29, 2016 and a bond redemption date of December 1, 2017. 	<p>A MOTION was made and seconded (E. Nottingham / E. Martinez) to approve the sale of the Joint Single Family Revenue Bonds, Series 2008A mortgage backed securities and redemption of the Bonds. Approved 6-0.</p>

<ul style="list-style-type: none"> Account balances have been provided by Wells Fargo, as Trustee, as of February 9, 2016. Amounts shown assume investment in US Treasury Securities with Treasury rates as of February 9, 2016, subject to change. It was noted that actual amounts will vary according to rebate obligations. <p>Mr. Lotzar stated that the Federal Government rose the interest rate relatively recently at which time the 10 year treasury was at approximately 2.10%; and following that increase, the 10 year treasury was at 1.55%. As a result, the demand has increased for Mortgage Backed Securities (“MBS”) that have a higher coupon. If the 2008A MBS are sold in open market, the premium would be upwards of 10 points. This refunding opportunity includes: MBS and Bond debt. The MBS have an increase in value because of the desire for investors to get yield and change in the interest rates generally. These Bonds have basically stayed in place so the Bond holders do not want to get paid off because the yield cannot be replaced. Mr. Lotzar noted that there is a 2 year window in which these Bonds can be paid off therefore if a transaction is done, the Authority would need to do an Advanced Refunding. The proceeds from the sale of the MBS are used to buy State and Local Government Series (“SLGS”) securities at the same principal and interest amount as would be required to pay down the Bonds; SLGS are purchased up front, subject to yield restrictions and arbitrage rebate requirements under the Internal Revenue Code, and are paid out over time the amount of the Bonds. Therefore the Bondholder gets the benefit of their interest and actually, the Bonds will go up in value after the transaction due to the certainty that they will be repaid according to schedule.</p> <p>S. Riffle discussed negative interest rates and stated that the market is responding in a fearful way which provides a very unique opportunity. Ideally the Authority would wait for the 10 year call if everything were normal. Rates are historically low which provides an opportunity for yield even though taking on prepayment risk.</p> <p>Discussion ensued regarding pre-payment speeds. It was noted that The Industrial Development Authority of the County of Pima (“Pima IDA”) would like to do the transaction if acceptable to the Authority.</p> <p>S. Riffle noted that the Authorities are not obligated to complete the transaction if the bids do not come back as expected.</p> <p>C. Lotzar stated that the bids must beat the “do nothing” test.</p>	
<p>9. Status report by the Authority’s Advisor concerning the Authority’s financial performance through the Authority’s second fiscal quarter ending December 31, 2015.</p> <p>G. Molenda reviewed the Authority’s financial performance through the second fiscal quarter ending December 31, 2015 as follows:</p> <ul style="list-style-type: none"> No material changes on the Balance Sheet. Largest component of revenues was from the Single Family Programs. The parking lots continue to generate income. Revenues less expenses yielded a profit for the 6 month period. 	No action taken.
<p>10. Status report related to sponsorship request received from Tucson Metro Chamber for the State of the City to be held March 1, 2016 at the Tucson Convention Center, Tucson, Arizona and request for resolution for any action related thereto.</p>	<p>A MOTION was made and seconded (G. Bachman / E. Martinez) to approve sponsorship of the State of the City at the Notable Sponsor Level.</p>

<p>K. Valdez stated that a request was received for sponsorship of the State of the City event to be held March 1, 2016. The Authority's historical sponsorship of this annual event has been maintained at the Notable Sponsor Level, which includes a table of 8.</p> <p>It was the consensus of the Authority to sponsor the State of the City at the Notable Sponsor level.</p>	<p>Approved 6-0.</p>
<p>11. Staff Reports:</p> <p>Monthly Staff Report for the month ending January 30, 2016.</p> <p>K. Valdez provided status on the following:</p> <p>a. General Operations of the Authority:</p> <ul style="list-style-type: none"> i. Parking Lot Financial Statements prepared by Pueblo Parking Systems, LLC ("PPS") - Reviewed reports as provided by PPS. ii. Bond Borrower's payment of Administrative Fees - Fees as of January 31, 2016 are current. iii. Cash Management - Reviewed interest bearing and non-interest bearing accounts; reviewed account balances less existing commitments and recommended reserves for an estimate of funds available. iv. Loan Servicing - <ul style="list-style-type: none"> • William Precedence II dba Planet Smoothie: <p>Delinquent for the months of October, November, December 2015 and for January 2016. An Acceleration letter will be sent by certified mail to Borrower on February 5, 2016 to accelerate the maturity and makes demand for payment of the total principal and interest due on the note, plus any accrued fees. Payment by Certified Funds must be received no later than February 26, 2016. Option to Borrower is a workout solution or exit plan strategy. Documentation for this option must be received by February 12, 2016 and accepted by BDFC as Servicer, before February 26, 2016.</p> v. Loan Origination - 2 loans are pending: <ul style="list-style-type: none"> • Participation loan with BDFC to Desert Horizons Communities - closing/funding is anticipated by month end February, 2016. • Nonprofit Loan Fund of Tucson and Southern Arizona ("NPLF") - NPLF has taken 2 draws in the amount of \$50,000 each leaving a balance to be drawn of \$50,000. vi. 450 N. Main Street - No activity. <p>b. Updates:</p> <ul style="list-style-type: none"> i. Federal legislation 	<p>No action taken.</p>

- ii. **Arizona legislation** - New legislation proposed by the Arizona Governor definitely affects the Industrial Development Authority (“IDA”) Act directly in that it creates a new Arizona Finance Agency (“Agency”) which basically will consolidate all of the existing Finance Agencies such as the Housing Finance Authority, etc.

Mr. Lotzar stated that the Authority needs to be responsive. Under this program, the new Agency will overlap into the IDAs jurisdiction and also take control of the allocation process. It was noted that the Authority at a minimum will want to change this proposed legislation significantly.

Mr. Lotzar will be spending a fair amount of time staying on top of **HB 2666**.

c. **Outstanding Single Family Programs:**

i. **Mortgage Revenue Programs that have completed the Origination Period:**

- A. **Series 2006 (Joint) - \$30,475,000- 1st Mortgage Loan Interest Rate 5.97% - Final Redemption of Senior Bonds July 28, 2014 - CUSIP No. 89873QAB5 Subordinate (approximately \$196,000 - 7% 2nd Mortgage Loans are tied to the Subordinate Bonds of approximately \$820,000) .**
- B. **Series 2007A (Joint) - \$23,400,000- 1st Mortgage Loan Interest Rate 5.69% - Final Redemption of Senior Bonds July 28, 2014 CUSIP No. 89873QAE9 Subordinate (approximately \$252,000 - 7% 2nd Mortgage Loans are tied to Subordinate Bonds of approximately \$135,000).**
- C. **Series 2008 (Joint) - \$30,000,000- Mortgage Loan Interest Rate 5.89% - Term Bonds CUSIP Nos. 898700FH7, 898700FJ3, 898700FK0 and PAC Bonds CUSIP No. 898700FL8 (approximately \$6,613,400 outstanding).**
- D. **Restructuring Opportunities and past results.**

ii. **Mortgage Credit Certificate Program that is in the Origination Period – 2014 in the amount of \$5,000,000 formed on January 2, 2014 - Origination Period expired December 31, 2016.**

- **29 MCCs have been issued as of January 31, 2016 with 4 pending.**

iii. **\$40,000,000 The Industrial Development Authority of The County of Pima and The Industrial Development Authority of The City of Tucson, Arizona Revolving Taxable Single Family Mortgage Loan Program of 2012 (Pima Tucson Homebuyers Solution) – Program commenced on December 17, 2012 and unless extended expires on December 31, 2016 - over \$211,809,000 in mortgage-backed securities sold with over \$8,472,000 of down payment assistance granted to homebuyers.**

<ul style="list-style-type: none"> • Loan Count since inception is 2,188 with a total loan amount of \$280,023,101.78 • Loan Count for the month of January, 2016 was 50 with a total loan amount of \$6,994,811.00. S. Riffle noted that the decrease in activity for the month of January is consistent with last year during the same time period. <p>• Lotzar stated that one option the Authority is to switch to the Fannie Mae HFA Preferred. S. Riffle stated that the PTHS program already has a Fannie Mae HFA Preferred status with products that are priced differently than FHA loan products but is very successful. Mr. Riffle noted that the majority of Lenders prefer Fannie Mae products due to their desk top underwriter systems which they all prefer. The new Home Ready product that Fannie Mae introduced seems to be catching on with Lenders a little faster than Freddie Mac programs. It was noted that the PTHS program has already been added with US Bank and Fannie Mae, so if the Authority wish to add the program the guidelines would need to be changed and Lenders trained (web based training). However, because of the way eHousing pricing structure works, the more loan products offered, the more they will charge the homebuyer for use of the program. It is the recommendation that the Authority pick just 1 conventional product rather than offering both available (Fannie and Freddie). It was noted that rates trade slightly better on a Fannie Mae product than the Freddie Mac product. Mr. Riffle stated that it is recommended that 2 down payment assistance (“dpa”) options be offered with the Fannie Mae product, if the Authority choses to add the program.</p> <p>Mr. Riffle stated that US Bank pays the Authorities’ for their loans based on where the interest rates are on an annual basis; if rates are high, they pay less; if they are low, they pay more. Therefore, if there is a blending of products that keep the rates as low as possible, it is worth money from US Bank as they are buying the servicing.</p> <p>C. Lotzar stated that a chart will be provided at the March regular meeting to review options, pricing, etc.</p> <ul style="list-style-type: none"> • Mr. Lotzar reported the there was some water damage at the Catalunya Apartments project which has resulted in a lawsuit: Catalunya Apartments, LLC is suing Century Roofing Inc. • The 2006 and 2007 second mortgages are continuing and stable. • With regard to the Private Activity Bonding Authority, the state gave back \$573,048,400 of unused volume cap. • There was brief discussion ensued regarding a program that the Mayor wants to establish to increase owner occupied homeownership in neighborhoods surrounding the University of Arizona. 	
<p>12. Advisory Committee Review and Reports.</p> <p>No reports</p> <ul style="list-style-type: none"> i. Affordable Housing Committee (E. Nottingham, E. Martinez, J. Clinco) ii. Economic Development Committee (L. Lucero, E. Nottingham, A. 	<p>No action taken</p>

<p>Weinstein)</p> <p>iii. Downtown, Neighborhood & Community Development (G. Bachman, L. Lucero, A. Weinstein)</p> <p>iv. Investment & Loans (E. Martinez, G. Bachman, J. Clinco)</p>	
<p>13. Status report related to potential single family mortgage program involving US Department of Treasury’s Troubled Asset Relief Program’s Hardest Hit Funding administered by the Arizona Department of Housing acting on behalf of the Arizona Home Foreclosure Prevention Funding Corporation and the Arizona Housing Finance Authority and request for resolution related thereto. <i>Pursuant to Arizona Revised Statutes Section 38-431.03(A)(1)(3) and/or (4), the Authority may vote to recess and meet in Executive Session for the purpose of discussion or consultation with and to provide direction to the Authority’s legal counsel in connection with this item. Any action taken by the Authority regarding this matter will be taken in open meeting session (either at this meeting or at a later date) after the adjournment of the Executive Session.</i></p> <p>C. Lotzar reported that he met with Michael Traylor and Dirk Swift, Arizona Department of Housing (“ADOH”) last Friday to discuss participation in the Arizona Department of Housing Pathway to Purchase (“P2P”) program for hardest hit areas which includes Tucson, Arizona. Program Guidelines that were provided is in draft form. If the Authority choses to administer the ADOH program in Tucson, they have asked that it retain the name P2P and have it as a separate channel from the Pima Tucson Homebuyer’s Solution (“PTHS”) program. ADOH will expect that the Authority advance the down payment assistance funds similar to the PTHS program followed by reimbursement from the hardest hit funds. Discussion items include:</p> <ul style="list-style-type: none"> • Agreement to protect jurisdiction • 70% of \$48,000,000 hardest hit funds would come to Tucson as one of the largest hardest hit cities • George K. Baum & Company (“GKB”) would be involved • Discussed limiting the location pursuant to the Mayor’s program to increase owner occupancy homeownership surrounding the University • Marketing effort required • Need to protect our relationships with our Lenders • The P2P program will be in direct completion with the PTHS program which will most likely suspend it • FHA Preferred products only with no down payment assistance other than the 10% (up to \$20,000) hardest hit funds • Program assistance does not apply to Pima County (outside of Tucson city limits) • Importance of being very clear in the guidelines • Program reporting requirements and expectations <p>Mr. Lotzar reviewed various Agreements needed if the Authority choses to do this program, including but not limited to disclosure of 1099 income to all Borrowers in year 1 not forgivable until after year 5. It was noted that this should also go before Mayor & Council as well. Mr. Lotzar stated that the Authority may expect to advance as much as \$2,000,000 per month. It was noted that upfront costs would be predominately Attorney fees and Administrative costs. The program would be patterned after what has already been done with the PTHS program.</p> <p>Discussion ensued. It was the consensus that the Authority would like to work with the ADOH per Agreement with the Authority to make it a separate program from the State Program, have the program set up at a revolving level and without going back to Mayor & Council it would be \$15,000,000 per month (so as not to have too much out), and also partner with the Pima IDA, and to make the program as efficient as possible.</p>	<p>A MOTION was made and seconded (E. Martinez / E. Nottingham) to continue discussion with the Arizona Department of Housing (“ADOH”) to reach an agreement regarding the Pathway to Purchase (“P2P”) program and to ask the Industrial Development Authority of the County of Pima to partner with the Authority on the proposed program, and to make the program as efficient as possible. Approved 6-0.</p>

<p>14. Status Report related to development of the Request for Qualifications/Request for Proposal (“RFQ/RFP”) or other process related to the potential development of Block 174 and/or Block 175 and request for resolution for any actions related thereto. Pursuant to Arizona Revised Statutes Section 38-431.03(A)(1)(3) and/or (4), the Board may vote to recess and meet in executive session for the purpose of discussion or consultation with and to provide direction to the Authority’s legal counsel in connection with this item. Any action taken by the Authority regarding this matter will be taken in open meeting session (either at this meeting or at a later date) after the adjournment of the executive session.</p> <p>E. Nottingham reported that the Negotiating Committee have met twice and will hold the first negotiation meeting with representatives of Gorman & Company, Inc. on Thursday, February 18, 2016. Additionally, staff is working with the City of Tucson regarding the transfer of the 13’ right of way at the north end of Block 175. The City of Tucson Real Estate application for review and consideration has been completed and a check issued in the amount of \$1,500.00 for the application fee that will accompany the application.</p>	<p>No action taken.</p>
<p>15. President’s Report: Brief Summary of current events, including items brought to the President’s attention or matters that required handling by the President since the last meeting.</p> <p>M. Robinson reported that she has received an email from Clint Mabie at the Community Foundation for Southern Arizona (“CFSA”) who is leading the development of an investment fund that will hold all local investments and produce a social and financial return. CFSA has hired Next Street out of Boston to conduct the market analysis to determine the investments that could constitute the pool and the local demand for investing in the pool. The goal is to create a \$30,000,000 fund. Meetings were held in December, 2015 and January, 2016 and there is great interest in the concept. A meeting is planned for mid-March, 2016. E. Nottingham stated that additional info should be gathered regarding risk involved in the investment pool is and what the restrictions are; how liquid is it, etc.</p>	<p>No action taken.</p>
<p>16. Call to the audience</p> <p>There was no one in the audience who wished to address the Authority.</p>	<p>No action taken.</p>
<p>17. Adjourn</p> <p>J. Clinco requested consideration in changing the meeting time of the regular meetings.</p>	<p>A MOTION was made and seconded (L. Lucero / E. Martinez) to adjourn the meeting at 5:35 p.m. Approved 6-0.</p>

Submitted by:

Approved by:

Karen J. Valdez
Business Development Finance Corporation

Marilyn Robinson, President
The Industrial Development Authority of the
City of Tucson, Arizona